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## Entrepreneurial Philanthropy Partnerships: In Search of Alignment

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# Entrepreneurial Philanthropy Partnerships

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## Introduction

## 1 Entrepreneurial philanthropy partnerships

Given the immense problems challenging the world, new philanthropic approaches adapted to today's realities are needed. Effecting real change takes more than just good, voluntary actions; it might need a more business-like approach to unlock entrepreneurial potential (Dees, 2008; Gordon, 2011). A contemporary global movement of Entrepreneurial Philanthropy Partnerships (EPPs) is not about funding the most effective and trustworthy non-profit that works on a preferred societal problem. It is a mindset that constantly seeks opportunities to produce a tangible impact out of evidence-informed understanding. Philanthropreneurs, and their companies, co-operate with senior executives, and their non-profit organisations, to create a competitive philanthropy that benefit the welfare state. EPPs are essentially based on the assumption that the intentional, systematic, and rational pursuit of an output or an outcome increases the possibility of achieving it (Mack, et al., 2014).

From this perspective, the aim is to successfully combine business principles with the search for societal transformation, and EPPs can be an essential engine in propelling growth in the civil society. Rather than creating personal and shareholder value, however, it has been argued that philanthropreneurs also make use of the cultural, social and/or symbolic capital at their disposal. These forms of capital have authoritative effects, including legitimising philanthropreneurs and generating expectations of their products and services within markets (Harvey & Maclean, 2008). However, the central driver for an EPP seems to be to address a societal problem by aligning of the goals and strategies of the philanthropreneur with those of the non-profit. This particular organisational partnership-format would effectively mobilise the people, materials and budgets needed to address the selected societal problems, and would have the ability to generate joint innovations (Kass, 2008). Measuring impact is a crucial component of EPPs as it helps to focus on results, ensuring effective allocation of resources, and upholding accountability.

Whereas traditional philanthropy often focuses on the inputs, this approach focuses on creating a viable plan for impact results (Duncan, 2004). In many cases, it builds on the entrepreneurial tradition of creating value and the understanding that a business approach focused on returns, albeit financial, environmental or social, is what is needed for lasting societal change. An EPP is fundamentally determined by the alignment of the goals and strategies of the philanthropreneur with the non-profit's work. Critics contend that this approach gives too much power to philanthropreneurs and disenfranchises non-profits, treating them like contractors or vendors, hired to impose their point of view on the civil society (Patrizi & Heid Thompson, 2011). Entrepreneurial philanthropy has also been criticised for favouring short term output over taking risks to achieve greater future outcome, crowding out a more values-driven, mission-centred approach

to philanthropy and replacing it with business-based, efficiency-driven and outcome-centred processes. This approach seems to misunderstand that human action to reach societal objectives cannot be construed in terms of consecutive, sequential steps (Sievers, 2004). A risk of failure is the eagerness of an EPP to fund projects that are easily quantifiable and highly visible, which may produce short-term results, but is insufficient to change the underlying causes of the societal problems at issue (Collins, 2004).

Both defenders and sceptics of EPPs might intelligently hold the entrepreneurial methods to their own standards and seek confirmation that it is more likely to solve 'wicked' problems in civil society than the alternatives of donating simply based on passions, recognition, or reciprocity (Weinstein & Bradburd, 2013). This entrepreneurial approach is ultimately based on the belief that the establishment of an EPP is an intentional, systematic, and rational pursuit of an aligned partnership that ultimately increases the chances of achieving societal change. But building an EPP seems a dynamic process in which emotionality also plays a role. Emotional incidents, caused by mismatch, misunderstanding or time pressure can unexpectedly punctuate the partnership process, serving as turning points in its development. Despite their recognized value, EPPs in some cases fall short of expectations, prove difficult to sustain or even fail (Bryson, Crosby, & Stone, 2006). This thesis aims to bring a deeper understanding of the practices that make an EPP will be established, drawing attention to the importance of the alignment process that may contribute to the management process of partnering, but may also offer complementary explanations for the cognitive framing practices (Kaplan, 2008) that have been identified in situations characterized by misunderstanding and conflict.

## 2 Motivation, question and relevance

In recent years, scholars have conceptualized a wide spectrum of approaches that may be applied to philanthropy with an entrepreneurial touch, ranging from strategic philanthropy to corporate social responsibility (Shaw et al., 2013, Dahlsrud, 2008, Taylor, 2014). Research beyond the traditional forms of philanthropy has contributed to emerging discourses in observing the involvement of entrepreneurs in philanthropic endeavours; however, the phenomenon of an entrepreneurial philanthropy partnership is relatively unknown in research literature. Such a cross-sector EPP is a collaborative effort in which parties from different societal sectors pool resources to provide solutions for the welfare state. These EPPs are often rather complex for a number of reasons: (a) their ambition is to address complex societal issues, (b) they are put into action under (frequently) changeable circumstances and (c) they mobilise partners that each have a different leadership language, a different impact strategy, and a different organisational culture (Battisti, 2009).

This knowledge seems scarcely acknowledged when a philanthropist is willing to partner with a senior executive to solve a societal problem. The poor understanding of the complexity of partnership formation seems further increased by the process of alignment that may influence the actual establishment of an EPP when they are not understood or managed as well (Le Ber & Branzei, 2010). This thesis aims to increase understanding of the establishment of an EPP, and list critical indicators that play a role in developing a route map, so practitioners may find suggestions to take into account either when initiating an EPP or when encountering obstacles in the actual EPP formation process. To facilitate the implementation of advances in research, this thesis develops an Entrepreneurial Philanthropy Alignment Model (EPAM), to shed light on the concept of EPPs and to identify a theoretical development structure for possible interactions between philanthropists and senior executives. EPAM is built upon the

assumption that an EPPs' ability to achieve its goals is a function of the alignment between a number of indicators within the three defined domains: leadership, strategy and culture. A set of criteria is developed to help both partners assess the feasibility of EPPs.

The model may inform continuing theory building and investigation to refine defining the amplitude of partnership practice, and to enhance the responsiveness to partners' expectations of an EPP. The academic literature and interviews with experience experts in the Netherlands were used to seek further confirmation for this cross-sector partnership concept. Therefore, the central research question is formulated as:

*Can the Entrepreneurial Philanthropy Alignment Model determine whether or not a EPP between an philanthropreneur (and his/her company), and the senior executive of a non-profit will be established?*

The research indicates how both partners can understand and orchestrate the establishment of an EPP and how they can develop a route for the human relational process of societal value creation. This thesis also emphasises a need for rigour and value relevance in entrepreneurial philanthropy partnership research in order, to make positive contributions with applicable recommendations to practitioners, as the results of the research are meant to provide a practical resource, creating shared value.

### 3 Outline

This thesis consists of a collection of essays on connecting the world of for-profit and non-profit that have been published as articles in peer-reviewed journals (Studies 1, 2, 3, 4 and 5; Chapters 2, 3, 4, 5, 6). Five studies cover various aspects of entrepreneurial philanthropy partnerships, both analytical (Chapters 2, 3 and 5), and conceptual (Chapters 4 and 6). It also contains an introductory chapter (Chapter 1), plus a chapter of argued conclusions and recommendations (Chapter 7).

The concept of entrepreneurial philanthropy partnerships in this thesis is discussed as a theoretical development structure and an interactive process between the partners. Although the intentions of philanthropreneurs and senior executives will be good, both regularly appear unable to hold effective discussions, and consequently, there is a lack of coordination within an EPP. This negatively affects EPPs, resulting in misunderstandings and conflicts, and in the isolation of the partners. Of particular interest is the improved theoretical understanding of differences and similarities in the entrepreneurial motives and drives between the for-profit and non-profit contexts, and the underlying factors. This indicates the partnership behaviours of both the philanthropreneur and the senior executive, as mentioned in the central research question (Chapter 2).

To facilitate the implementation of research advancement, a theoretical framework of entrepreneurial philanthropy alignment was developed. This framework borrows from management domains of leadership, strategy, and culture, originally described by Vicere (2010), and a number of indicators from the key performance indicators introduced by Kaplan and Norton (2006), and Parmenter (2010). It is yet unknown to what extent the defined indicators may cause sources of friction when the two worlds meet. Language differences may reflect identity differences that can challenge the partnership, and therefore it is crucial that those involved learn to understand each other's language to establish a partnership as

described in the central research question. After analysis the three theoretical domains defined by the apparently opposing forces of factual knowledge and, the actual behaviour of the partners involved, the principle of alignment (Papke, 2013) was identified as a catalyst to the process of cooperation (Chapter 3).

The subsequently performed semi-structured, exploratory interviews among five philanthropreneurs and seven senior executives, confirmed the three domains as capturing a specific preliminary space, and as being separate from the other existing domains. In total, 15 indicators were found to be significant, and therefore were selected to formulate the conceptual framework of entrepreneurial philanthropy alignment. The selected indicators are grouped in (1) leadership, the linking path; (2) strategy, the guiding path; and (3) culture, the driving path. These findings help to outline a Entrepreneurial Philanthropy Alignment Model as described in a central research question and may provide a distinctive route for both SEs and PHs to categorise alignment (Chapter 4).

EPPs convey the impression of failure due to the confusion of tongues that might lead to complications such as undefined roles and responsibilities, poorly aligned capabilities, and hidden cultural differences. A structured approach to managing these risks seems essential, given the large investment of time and resources required to effectively manage EPP. Therefore the conceptual framework was validated by further theoretical exploration of the EPP process based on a sharpened definition of the three independent domains and the significant indicators, the intermediating phenomenon of alignment and the partnership result as a dependent variable. Resulting in a better theoretical understanding of the different processes to establish an EPP, as formulated in the central research question (Chapter 5).

The theoretical Entrepreneurial Philanthropy Alignment Model (EPAM) described, was applied and qualitatively studied in ten existing entrepreneurial philanthropy partnerships throughout the Netherlands, to find an answer to the primary research question, namely, whether the EPAM can determine the establishment of a partnership and potential success between a philanthropreneur and an senior executive (Chapter 6).

The empirical analyses were based on theoretical observations derived from a variety of methodological approaches, including conceptual, review-based, inductive and deductive strategies (Chapters 2, 3 and 5). The qualitative analysis was based on partnership practices (Chapters 4 and 6). The overall objective was to enhance the current understanding of the alignment process in establishing EEP's between philanthropreneurs and senior executives of non-profit organisations.

To accomplish this, studies of the formulated hypotheses allowed the observation of patterns within the data related to the research questions. The exploration of the hypotheses guided the subsequent analysis and provided implications for theory and practice, including suggestions for future research.